

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
MUMBAI BENCH

COMPANY SCHEME PETITION NO 276 OF 2017

IN

COMPANY SCHEME APPLICATION NO 163 OF 2017

Future Retail Limited

.....Petitioner Company

In the matter of the Companies Act, 2013;

AND

In the matter of Heritage Foods Limited ('Transferor
Company') and Heritage Foods Retail Limited ('Transferee
Company' or 'Demerged Company') and Future Retail Limited
('Resulting Company' or 'Petitioner Company') and their
respective Shareholders

AND

In the matter of Sections 230 read with Section 232 and Section
52 and Section 66 and other applicable provisions of the
Companies Act, 2013

Called for hearing

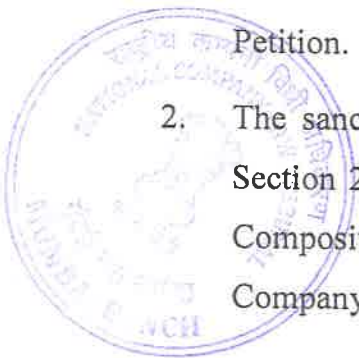
Mr. Gaurav Joshi, Senior Counsel, with Mr. Hemant Sethi, M/s Hemant Sethi & Co.,
Advocate for the Petitioner

Mr. Ramesh Gholap, Assistant Director in the office of Regional Director

Coram: B.S.V. Prakash Kumar, Member (Judicial)

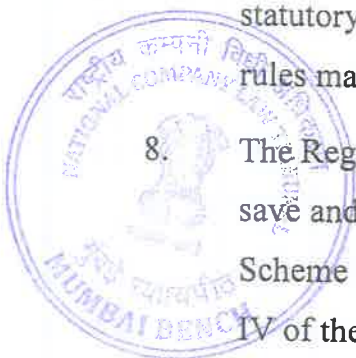
Date: 11th May, 2017

1. Heard the learned counsel for the Petitioner Company. None appears before this Tribunal either to oppose the Scheme or to contravene averments made in the Petition.
2. The sanction of this Tribunal is sought under section Sections 230 read with Section 232 and Section 52 and Section 66 of the Companies Act, 2013, to the Composite Scheme of Arrangement among Heritage Foods Limited ('Transferor Company') and Heritage Foods Retail Limited ('Transferee Company' or



‘Demerged Company’) and Future Retail Limited (‘Resulting Company’ or ‘Petitioner Company’) and their respective Shareholders and Creditors.

3. The learned Counsel for the Petitioner Company submit that Petitioner Company currently operates multiple retail formats in the Indian consumer market under different brand names including: Big Bazaar; FBB; Food Bazaar; Foodhall; Home Town and eZone.
4. The Composite Scheme of Arrangement involving the Transferor Company, the Transferee Company and the Petitioner Company would have the following benefits:
 - a. facilitate each business to be effectively integrated for achieving growth for each of the verticals independently;
 - b. enhance management focus and operational flexibility;
 - c. facilitate investment by strategic players;
 - d. create a platform to enhance financial flexibility to pursue growth;
 - e. consolidation of the retail operations of the Petitioner Company and the Transferee Company;
 - f. unlocking of value; and
 - g. synergies expected to bring in cost savings in the marketing, selling and distribution expenses for the Petitioner Company.
5. Petitioner Company has approved the said Scheme by passing the Board Resolution which is annexed to the Company Scheme Petition.
6. The learned Counsel for the Petitioner Company further states that, the Petitioner Company has complied with all the directions passed in Company Scheme Application and that the Company Scheme Petition has been filed in consonance with the orders passed in the Company Scheme Application.
7. The learned Counsel for the Petitioner Company further states that the Petitioner Company has complied with all requirements as per the directions of this Tribunal and they have filed necessary Affidavits of compliance in the Tribunal. Moreover, the Petitioner Company through their Counsel undertakes to comply with all statutory requirements, if any, as required under the Companies Act, 2013 and the rules made there under. The said undertaking is accepted.
8. The Regional Director has filed his Report dated 2nd May, 2017 stating therein that save and except as stated in paragraph IV of the said Affidavit, it appears that the Scheme is not prejudicial to the interest of shareholders and public. In paragraph IV of the said Affidavit, the Regional Director has stated that:



1. *The tax implication if any arising out of the scheme is subject to final decision of Income Tax Authorities. The approval of the scheme by this Hon'ble Tribunal may not deter the Income Tax Authority to scrutinize the tax return filed by the transferee company after giving effect to the scheme. The decision of the Income Tax Authority is binding on the Petitioner Company.*
2. *The Petitioners have submitted the proof of serving notice, upon the Income Tax Authorities for comments on 06.03.2017. This Directorate has also issued a reminder letter to the Income Tax Department dated 02.05.2017.*
3. *Petitioner in clause 13 of the Scheme has inter alia mentioned that in consideration of the transfer of and vesting of the Retail Undertaking and the VetCa Undertaking with the Transferee Company in accordance with the Scheme by way of slump sale as defined under the provisions of section 2(42C) of the Income-tax Act, the Transferee Company shall pay a consideration of INR 135,00,00,000/- (Rupees One Hundred and Thirty Five Crores) subject to adjustment of net working capital between the Slump Sale Appointed Date and the Effective Date, which shall be discharged in the manner specified in Clause 13.2.*

The consideration would be discharged by the Transferee Company, without any further application, deed, action or thing, by way of issuance and allotment of 1,40,00,000 (One Crore Forty Lakhs) equity shares of the Transferee Company, each of a face value of INR 10 (Rupees Ten only) and a premium of INR 86.43 (Rupees Eighty Six and Paise Forty Three), credited as fully paid-up to the Transferor Company.

Upon the issuance of the Equity Shares as per Clause 13.1, the issued, subscribed and paid-up share capital of the Transferee Company shall stand increased to INR 14,16,56,000 (Rupees Fourteen Crores Sixteen Lakhs Fifty Six Thousand) comprising of 1,41,65,600 (One Crore Forty One Lakhs Sixty Five Thousand and Six Hundred only) equity shares having a face value of INR 10 (Rupees Ten only).

In this regard it is submitted that the Transferor Company (Heritage Foods Limited) is selling through slump sale, 2 undertakings to Transferee Company (HFRL) for which consideration is received. Further Transferee Company is allotting shares to Transferor Company. No shares are allotted to shareholders of Transferor Company.



In this regard Petitioner Company undertake to provide accounting standards and accounting principles adopted and the provisions of Companies Act complied with.

4. *Petitioner in clause 31 of the Scheme has inter alia mentioned that on and from the Effective Date, and with effect from the Demerger Appointed Date and after giving effect to Part II and Part III of the Scheme, the issued, subscribed and paid up equity share capital of the Demerged Company shall, without any further application, act, instrument or deed and without any payment, be reduced.*

In this regard it is submitted that in the Scheme not mentioning about the share capital of the demerged company that would be reduced. Therefore the petitioner company undertake to mention the same.

5. *The Transferee Company shall credit its share capital account in its books of account with the aggregate face value of the equity shares issued to the Transferor Company pursuant to Clause 13.2 of the Scheme. Further, the Transferee Company shall credit to its securities premium account, the aggregate premium on securities issued by it pursuant to Clause 13.2 of the Scheme. The securities premium account recorded by the Transferee Company shall be applied as per the provisions of Section 52 of Companies Act, 2013. Petitioner in clause 30 of the Scheme has inter alia mentioned about Accounting Treatment In The Books Of The Shareholders Of Demerged Company the adjustment required in the book value of investment in the Demerged Company for reduction by the value of the net assets transferred by Demerged Company to Resulting Company, shall be recorded as cost of the New Equity Shares issued by the Resulting Company.*

In this regard Petitioner Company undertake to provide the accounting standards and accounting principles adopted and the provisions of the Companies Act complied with.

6. *Petitioner has received NOC from NSE and BSE dated 18.01.2017. However the Petitioner has to undertake to comply with the conditions given in the letter.*

9. *In so far as observations made in paragraph IV (1) and (2) of the Report of Regional Director is concerned, the Petitioner Company through its Counsel undertakes to comply with all applicable provisions of the Income Tax Act, 1961 and all tax issues arising out of the Scheme will be met and answered in accordance with law.*

10. As far as observations made in paragraph IV (3) of the Report of the Regional Director is concerned, the Petitioner Company through its Counsel submit that the Transferor Company and the Transferee Company have obtained certificate from their respective statutory auditors confirming that the accounting treatment contained in the Scheme is in compliance with all the applicable accounting standards notified by the Central Government read with relevant rules issued thereunder. The Counsel for the Petitioner Company further submit that the Slump Sale of Retail Undertaking and VetCa Undertaking by the Transferor Company to the Transferee Company is an arrangement between the Transferor Company and the Transferee Company and their respective shareholders under Section 230 of the Companies Act, 2013 which is analogous to Section 391 of the Companies Act, 1956. The Counsel for the Petitioner Company further submit that the Transferor Company and the Transferee Company are under the jurisdiction of NCLT, Hyderabad Bench and the Petitioner Company shall seek to ensure that the applicable accounting standards and principles and the applicable provisions of the Companies Act are complied with by the Transferor Company and the Transferee Company.
11. As far as observations made in paragraph IV (4) of the Report of the Regional Director is concerned, the Counsel for the Petitioner Company submit that the Transferee Company is under the jurisdiction of NCLT, Hyderabad Bench and utilization of balance in the Securities Premium Account pursuant to Clause 31.2 of the Scheme shall be to the extent of Rs. 121,00,20,000/- (Rupees One Hundred Twenty One Crores and Twenty Thousand) and the paid up equity share capital of the Transferee Company shall be reduced by an amount not exceeding Rs 14,15,00,000/- (Rupees Fourteen Crores and Fifteen Lacs). The Counsel for the Petitioner further submits that the National Company Law Tribunal, Hyderabad Bench, being the jurisdictional bench of the National Company Law Tribunal for the Transferee Company, has already approved the aforesaid reduction of capital of the Transferee Company.
12. As far as observations made in paragraph IV (5) of the Report of the Regional Director is concerned, the Counsel for the Petitioner Company submit that the Transferor Company has obtained certificate from its statutory auditors confirming that the accounting treatment contained in the Scheme is in compliance with all the applicable accounting standards notified by the Central Government read with relevant rules issued thereunder. The Counsel for the Petitioner Company further submit that the Transferor Company is under the jurisdiction of NCLT, Hyderabad Bench and the Petitioner Company shall seek to ensure that the applicable

accounting standards and principles and the applicable provisions of the Companies Act are complied with by the Transferor Company.

13. As far as observations made in paragraph IV (6) of the Report of the Regional Director is concerned, the Counsel for the Petitioner Company undertake that it shall comply with all the conditions given in the requisitions NOC received from BSE and NSE to the extent applicable.
14. The observations made by the Regional Director have been explained by the Petitioner Company in paragraphs 9 to 13 above. The clarifications and undertakings given by the Petitioner Company are hereby accepted.
15. From the material on record, the Scheme appears to be fair and reasonable and is not in violation of any provisions of law and is not contrary to public policy. None of the parties concerned have come forward to oppose the Scheme.
16. Since all the requisite statutory compliances have been fulfilled, Company Scheme Petition No. 276 of 2017 filed by the Petitioner Company is made absolute in terms of prayer clause (a) to (d) of the Petition.
17. The Petitioner Company to lodge a copy of this order and the Scheme duly authenticated by the Deputy Director, National Company Law Tribunal, Mumbai Bench, with the concerned Superintendent of Stamps for the purpose of adjudication of stamp duty payable, if any, on the same within 60 days from the date of receipt of the order.
18. Petitioner Company is directed to file a certified copy of this order along with a copy of the Scheme with the concerned Registrar of companies, electronically, along with E-form INC 28 in addition to the physical copy, within 30 days from the date of issuance of the order by the Registry.
19. The Petitioner Company to pay costs of Rs. 25,000/- to the Regional Director, Western Region, Mumbai. Cost to be paid within four weeks from the date of receipt of Order.

20. All authorities concerned to act on a certified copy of this order along with Scheme duly certified by the Deputy Director, National Company Law Tribunal, Mumbai Bench.

21. Any person interested shall be at liberty to apply to the Tribunal in the above matter for any direction that may be necessary.

Date of Application 12.05.2017

Number of Pages 6

Fee Paid Rs. 30

Applicant called for collection copy on 16.5.2017

Copy prepared on 16.5.2017

Copy issued on 16.5.2017



Deputy Director

National Company Law Tribunal, Mumbai Bench

COMPOSITE SCHEME OF ARRANGEMENT

**UNDER SECTIONS 391 TO 394 AND SECTIONS 100 to 103 OF THE COMPANIES ACT, 1956
AND/OR SECTIONS 230 TO 232 AND SECTION 66 OF THE COMPANIES ACT, 2013 (AS
APPLICABLE) AND SECTION 52 OF THE COMPANIES ACT, 2013**

AMONG

HERITAGE FOODS LIMITED (“Transferor Company” or “HFL”)

AND

**HERITAGE FOODS RETAIL LIMITED (“Transferee Company” or “Demerged Company” or
“HFRL”)**

AND

FUTURE RETAIL LIMITED (“Resulting Company” or “FRL”)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

PREAMBLE

This Composite Scheme of Arrangement is presented pursuant to the provisions of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 and/or Sections 230 to 232 of the Companies Act, 2013 read with Section 66 of the Companies Act, 2013, as may be applicable, and Section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 and Companies Act, 2013 (as may be applicable) to reorganize the business of Heritage Foods Limited (hereinafter referred to as the “**Transferor Company**” or “**HFL**”) by way of Slump Sale (as hereinafter defined) of the Retail Undertaking (as hereinafter defined) and the VetCa Undertaking (as hereinafter defined) to Heritage Foods Retail Limited (“**Transferee Company**” or “**Demerged Company**” or “**HFRL**”) and demerger of the Retail Undertaking by the Demerged Company to Future Retail Limited (“**Resulting Company**” or “**FRL**”).

A. Description of Companies:

(a) Heritage Foods Limited (“Transferor Company” or “HFL”)

- i. HFL is a public limited company incorporated under the Companies Act, 1956 (CIN: L15209TG1992PLC014332) and having its registered office at #6-3-541 / C, Punjagutta, Hyderabad - 500082.
- ii. The equity shares of HFL are listed on the BSE Limited (Stock Code: 519552) and the National Stock Exchange (Stock Code: HERITGFOOD).



- iii. HFL, formerly known as Heritage Foods (India) Limited, is a company which has 6 (six) key business verticals:
- a. Dairy business vertical – HFL produces, sources and markets a complete range of dairy products including fresh milk, curd, buttermilk, ice creams and other value added products across various States in India.
 - b. Retail business vertical – HFL is engaged in the grocery and food retail business, undertaken from its dedicated retail stores.
 - c. Agri business vertical – HFL is engaged in the business of sourcing, processing and marketing fresh fruits and vegetables. This business vertical acts as the supply chain arm for the Retail Undertaking vertical while also supplying the products to other retail chains and stores.
 - d. Bakery business vertical – HFL is engaged in the business of manufacturing and supplying bakery products to other customers, besides HFL retail outlets.
 - e. Veterinary care business vertical – HFL supplies cattle feed to dairy farmers and general traders and maize to poultries and distilleries.
 - f. Renewable energy business vertical – HFL is engaged in the production of solar energy (2.34 MW) and wind energy (4.2 MW) for captive consumption.

The Retail Undertaking (as hereinafter defined) comprises the retail business vertical, the agri business vertical, and the bakery business vertical. The VetCa Undertaking (as hereinafter defined) comprises the veterinary care business vertical.

(b) Heritage Foods Retail Limited (“Transferee Company” or “Demerged Company” or “HFRL”)

HFRL is a public limited company incorporated under the Companies Act, 1956 (CIN: U15400TG2008PLC062054) and having its registered office at #6-3-541 / C, Punjagutta, Hyderabad – 500082 for undertaking the following activities: trading and dealing in goods and produce, and processing, packaging and selling agri products. HFRL is a wholly owned subsidiary of the Transferor Company.

(c) Future Retail Limited (“Resulting Company” or “FRL”)

- i. FRL is a public limited company incorporated under the Companies Act, 1956 (CIN: U51909MH2007PLC268269) and having its registered office at Knowledge House, Shyam Nagar, Off Jogeshwari – Vikhroli Link Road, Jogeshwari (East), Mumbai - 400060.
- ii. The equity shares of FRL are listed on the BSE Limited (Stock Code: 540064) and the National Stock Exchange (Stock Code: FRETAIL).
- iii. FRL currently operates multiple retail formats in the Indian consumer market under



different brand names including: Big Bazaar; FBB; Food Bazaar; Foodhall; Home Town and eZone.

B. Rationale and Purpose of the Scheme of Arrangement:

HFL is inter alia engaged in six different business verticals: the dairy business, the retail business, the agri business, the bakery business, the veterinary care business and the renewable energy business.

The Board of Directors and management of HFL believe and are of the view that risk and reward associated with each of the aforesaid business verticals is different. Further, the reorganization / arrangement will enable HFL to provide greater business attention and focus on the dairy and renewable energy business verticals which have high growth potential, which may result in increasing the profitability while simultaneously attracting strategic partners and lenders for the retail, agri and bakery business verticals of HFL and creating long term value for the various stakeholders. In addition, the veterinary care business vertical, which supplements the agri business vertical, will be restructured into a wholly owned subsidiary to unlock value. Accordingly, the Board of Directors of HFL and HFRL are of the opinion that the Retail Undertaking (comprising the retail business vertical, the agri business vertical and the bakery business vertical) and the VetCa Undertaking (comprising the veterinary care business vertical) should be transferred to a wholly owned subsidiary (HFRL) of HFL. Upon such transfer: (i) HFL would continue to carry on the dairy business, the renewable energy business and other businesses not transferred pursuant to this Scheme; and (ii) the Retail Undertaking (comprising the retail business vertical, the agri business vertical and the bakery business vertical) and the VetCa Undertaking would be transferred to HFRL. Subsequently, the Demerged Undertaking (comprising of the retail business vertical, the agri business vertical and the bakery business vertical) would be demerged from HFRL into FRL; each in terms of this Scheme. This would inter alia help in consolidation of the retail operations of FRL and HFRL in FRL. Upon such demerger, HFRL would continue to carry on the VetCa Undertaking and FRL would continue to carry on retail business transferred to it pursuant to the Scheme.

The Board of Directors of the Transferor Company and the Demerged Company are of the opinion that the arrangement under this Scheme would result in benefit to members, creditors and employees of each of the Transferor Company and the Demerged Company and will not be detrimental to the public. The Board of Directors of the Resulting Company is of the opinion that the demerger under this Scheme would result in expansion of retail business attached with the increase in the value for its members in long run. Further, the proposed arrangement would inter alia achieve the following objectives:

- I. facilitate each business to be effectively integrated for achieving growth for each of the verticals independently;
- II. enhance management focus and operational flexibility;
- III. facilitate investment by strategic players;
- IV. create a platform to enhance financial flexibility to pursue growth;
- V. consolidation of the retail operations of FRL and HFRL;



- VI. unlocking of value; and
- VII. synergies expected to bring in cost savings in the marketing, selling and distribution expenses for FRL.

In view of the aforesaid, the Board of Directors of all the Companies have considered and proposed this Composite Scheme of Arrangement under the provisions of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 and/or Sections 230 to 232 of the Companies Act, 2013 read with Section 66 of the Companies Act, 2013, as may be applicable, and Section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 and the Companies Act, 2013 (as may be applicable).

C. Parts of the Scheme:

The Scheme is divided into the following parts:

- A. **PART I** sets out the Definitions, Share Capital and date of taking effect of the Scheme;
- B. **PART II** sets out provisions with respect to Slump Sale of the Retail Undertaking and VetCa Undertaking to the Transferee Company;
- C. **PART III** sets out provisions for transfer and vesting of the Demerged Undertaking (as defined hereinafter) to and in the Resulting Company;
- D. **PART IV** sets out provisions with respect to the reduction of share capital of the Demerged Company through a cancellation of the shares held by its existing shareholders; and
- E. **PART V** sets out the General Terms and Conditions.

PART I

DEFINITIONS, SHARE CAPITAL AND DATE OF TAKING EFFECT

1. DEFINITIONS:

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meaning:

- 1.1 “Act” means the Companies Act, 1956 or, as the case may be, the Companies Act, 2013 (to the extent applicable) and the rules made thereunder and any statutory modification, amendment or re-enactment thereof for the time being in force.
- 1.2 “Board of Directors” or “Board” shall mean the Board of Directors or any duly authorized committee thereof of HFL, HFRL or FRL, as the case maybe or any other person duly authorized by the Board for the purpose of this Scheme.
- 1.3 “Companies” means HFL, HFRL and FRL, collectively and “Company” means HFL, HFRL or FRL, as the context may require.



1.4 **“Demerged Undertaking”** means the entire undertaking of HFRL pertaining to its Retail Undertaking and includes:

1.4.1 All assets (whether moveable or immoveable) and liabilities pertaining to the Retail Undertaking, comprising the retail business, agri business and the bakery business, as on Demerger Appointed Date (as hereinafter defined) (after giving effect to Part II of the Scheme);

1.4.2 Without prejudice to the generality of the provisions of the sub-Clause 1.4.1 above, the Retail Undertaking of HFRL shall include without limitation the following:

1.4.3 All assets (whether moveable or immoveable) including freehold land, leasehold land, leasehold premises, office premises, all other assets and properties (whether tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) including, without limitation, interests, loans, deposits, advances (including accrued interest), investments including investments in overseas subsidiaries, receivables, cash on hand, investment in mutual funds, liquid funds, balance with banks (including bank fixed deposits), equipment, plant and machinery and the related assets and agreements, capital work in progress, unbilled revenue, furniture, fixtures, office equipment, appliances, accessories, vehicles, power connections, utilities and other service connections, all customer contracts, forward cover contracts, hedging contracts, receivables, claims, refunds, earnest moneys paid, rights and benefits under any agreements or security arrangements and funds, contingent rights, rights arising under contracts and all other rights, title, interests, privileges and benefits of every kind wherever located (including in the possession of vendors, third parties or elsewhere) and used or held, by the Demerged Company in, or otherwise identified for use in, or relating to, the business activities and operations pertaining to the Retail Undertaking of the Demerged Company;

1.4.4 All liabilities and all debts, guarantees, assurances, commitments, obligations, loans, and undertakings of any kind, nature and description whatsoever and howsoever arising, present or future and including, without limitation, borrowings, working capital facilities, advances from customers, unearned revenues, bills payable, interest, whether fixed, contingent or absolute, secured or unsecured, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising, (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability) pertaining to or relatable to the Retail Undertaking of the Demerged Company;

Explanation: For the purpose of this Scheme, it is hereby clarified that the liabilities pertaining to the Retail Undertaking of the Demerged Company shall include:

- (i) liabilities, which accrue or arise out of the activities or operations of the Retail Undertaking of the Demerged Company;
- (ii) specific loans and borrowings raised, incurred and utilized solely for the activities or operations of the Retail Undertaking of the Demerged Company; and



- (iii) liabilities other than those referred to in sub-clauses (i) and (ii) above, so much of the amounts of general corporate nature or multipurpose borrowings, if any, of the Demerged Company as stand in the same proportion which the value of assets transferred in the demerger bears to the total value of assets of such Demerged Company immediately before the demerger.
- 1.4.5 All contracts, agreements, leases, memoranda of understanding, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements, sales orders, purchase orders or other instruments of whatsoever nature to which the Demerged Company is a party, relating to its Retail Undertaking, or otherwise identified to be for the benefit of the same, approvals, electricity permits, telephone connections, building and parking rights, pending applications for consents or extension pertaining to or relatable to the Retail Undertaking of the Demerged Company;
- 1.4.6 All intellectual properties, labels, brands, trademarks, trade names, service marks, copyrights, patents, designs, software and computer programmes, databases, domain names, including those pending registrations and applications for brands, trademarks, labels, trade names, service marks, copyrights, patents, designs, software and computer programs, databases and domain names, used by the Demerged Company exclusively in the business, activities and operations pertaining to its Retail Undertaking;
- 1.4.7 All permits, licenses, consents, approvals, authorizations, quotas, rights, powers, permissions, arrangements, assignments, sanctions, entitlements, allotments, exemptions, incentives, tax benefits, deferrals, subsidies, concessions, grants, claims, liberties, special status, benefits and privileges enjoyed or conferred upon or held or availed of by the Demerged Company in relation to or pertaining to its Retail Undertaking, registrations, advantages, no-objection certificates, certifications, easements, and any waivers of the foregoing, issued by any legislative, executive or judicial unit of any Governmental or quasi-Governmental entity or any department, commission, board, agency, bureau, official or other regulatory, local (including Municipal), administrative or judicial authority, used or held for use by the Demerged Company in respect of business, activities and operations pertaining to its Retail Undertaking;
- 1.4.8 All tax credits, including cenvat credits, refunds, reimbursements, claims, exemptions, benefits under service tax laws, value added tax (VAT), purchase tax, sales tax or any other duty or tax or cess or imposts under any Central or State law including sales tax deferrals, special economic zone benefits, excise duty benefits, tax deducted at source, right to carry forward and set-off unabsorbed losses, and depreciation, if any and exemptions, deductions, benefits and incentives under the Income-tax Act in respect of business, activities and operations pertaining to the Retail Undertaking of the Demerged Company;
- 1.4.9 All rights, benefits and other interest, whether held in trust or otherwise, contracts, agreements, powers, engagements, arrangements of all kind, privileges and all other rights including title, interests, other benefits (including tax benefits), easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, possession, power or custody of or in the control of or vested in or granted in favour of or enjoyed by the Demerged Company, whether in India or abroad, all pertaining to or relatable to the Retail Undertaking of the Demerged Company;



1.4.10 All records, files, papers, manuals, data, sales and advertising materials, lists and other details of customers and suppliers, credit information, pricing information, whether in physical or electronic form, all pertaining to or relatable to the Retail Undertaking of the Demerged Company;

1.4.11 All such employees including contract employees of the Demerged Company, as are primarily engaged in or in relation to the business activities and operations pertaining to the Retail Undertaking of the Demerged Company, its respective offices, branches, or by its subsidiaries, etc, that are in the employment of the Demerged Company as of the Effective Date, and any other employees/personnel hired by the Transferor Company on and after the Demerger Appointed Date (as hereinafter defined) who are primarily engaged in or in relation to the business, activities and operations pertaining to its Retail Undertaking, that are in the employment of the Demerged Company as of the Effective Date;

Any question that may arise as to whether a specific asset or liability or any other property or employee pertains or does not pertain to the Retail Undertaking of the Demerged Company or whether it arises out of the activities or operations of the Retail Undertaking of the Demerged Company shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the Resulting Company.

1.5 **“Demerger Appointed Date”** shall mean the close of business on 31 March, 2017.

1.6 **“Effective Date”** or **“coming into effect of this Scheme”** or **“upon the Scheme becoming effective”** means the date on which last of the actions set out in Clause 36 are fulfilled.

1.7 **“Encumbrances”** shall mean: (a) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance or interest of any kind securing, or conferring any priority of payment in respect of any obligation of any Person, including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law, (b) proxy, any voting agreement, interest, option, right of first offer, refusal or transfer restriction in favor of any Person, or any other preferential arrangement having a similar effect, of any kind or nature, whether arising by agreement, by statute or otherwise, (c) any adverse claim as to title, possession or use, and (d) a contract to give or refrain from giving any of the foregoing.

1.8 **“Governmental Authority”** means any applicable central, state or local government (including Municipality, Municipal Corporation), statutory, legislative, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction, exercising powers conferred by Applicable Law in India.

1.9 **“HFL”** or the **“Transferor Company”** means Heritage Foods Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at #6-3-541 / C, Punjagutta, Hyderabad - 500082.

1.10 **“HFRL”** or the **“Transferee Company”** or the **“Demerged Company”** means Heritage Foods Retail Limited, a public limited company incorporated under the Companies Act, 1956 and having its



registered office at #6-3-541 / C, Punjagutta, Hyderabad – 500082.

- 1.11 “**High Courts**” means the High Court of Judicature at Hyderabad and the Mumbai High Court and/or, as the case may be, the National Company Law Tribunal, Mumbai Bench and National Company Law Tribunal, Hyderabad Bench.
- 1.12 “**Income-tax Act**” means the Income-tax Act, 1961 and the rules framed thereunder, including any statutory modification, re-enactment or amendment thereto, for the time being in force.
- 1.13 “**Permitted Encumbrances**” shall mean the list of litigation pending in respect of the Retail Undertaking and Demerged Undertaking, more specifically set out in **Schedule I**.
- 1.14 “**Person**” shall mean any individual, entity, joint venture, company (including a limited liability company), corporation, partnership (whether limited or unlimited), proprietorship, trust or other enterprise (whether incorporated or not), Hindu undivided family, union, association of persons, government (central, state or otherwise), or any agency, department, authority or political subdivision thereof, and shall include their respective successors and in case of an individual shall include his/her legal representatives, administrators, executors and heirs and in case of a trust shall include the trustee or the trustees and the beneficiary or beneficiaries from time to time;
- 1.15 “**Record Date**” shall mean the date to be fixed by the Board of Directors of the Demerged Company or a committee thereof in consultation with the Board of Directors of the Resulting Company or a committee thereof for the purpose of determining the members of the Demerged Company to whom shares of the Resulting Company will be allotted pursuant to Part III of this Scheme in terms of Clause 26.1.1.
- 1.16 “**Remaining Undertaking of the Demerged Company**” means all the undertakings, business, activities and operations, including all the assets and liabilities of the Demerged Company (including but not limited to the VetCa Undertaking), excluding the Demerged Undertaking.
- 1.17 “**Remaining Business of the Transferor Company**” means all the undertakings, business, activities and operations, including all the assets and liabilities, of the Transferor Company, excluding the Retail Undertaking and the VetCa Undertaking. It is clarified that the dairy business and the renewable energy business, along with all their assets and liabilities, shall form part of the Remaining Business of the Transferor Company.
- 1.18 “**Retail Undertaking**” means the entire undertaking, business, activities and operations of Transferor Company, pertaining to: (i) grocery and food retail business, undertaken from its dedicated retail stores; (ii) sourcing, processing and marketing fresh fruits and vegetables; and (iii) manufacturing and supplying bakery products to the retail outlets of HFL and other customers, and which shall include:
- 1.18.1 All assets (whether moveable or immovable), wherever situated, whether leasehold or freehold, including land, building, plant and machinery, installations, equipments, capital works-in-progress, vehicles, furniture, fixtures, appliances, accessories, stocks, inventory, receivables, cash on hand, balance with banks (including bank fixed deposits), advances paid to any persons, loans, advances and deposits, of the Transferor Company with respect to the Retail Undertaking, along with all rights, title, liability and interest in connection therewith.



1.18.2 All trade liabilities, obligations and debts, accruing or arising out of the business, activities or operations of the Retail Undertaking of the Transferor Company; whether secured or unsecured, present or future, raised or incurred, including obligations of every kind, nature and description whatsoever and howsoever arising or accruing, guarantees, advances from customers, bills payable and interest, in relation to the Retail Undertaking of the Transferor Company.

Further, it is clarified that apart from the abovementioned liabilities of the Transferor Company pertaining to the Retail Undertaking, any other liabilities of the Transferor Company shall not be allocated towards the Retail Undertaking of the Transferor Company.

1.18.3 All contracts, agreements, leases, memoranda of understanding, memoranda of agreements, arrangements, undertakings deeds, bonds, schemes, arrangements, sales orders, purchase orders or other instruments of whatsoever nature, whether written or otherwise, relating to the Retail Undertaking of the Transferor Company, along with all rights, title, liability and interest in connection therewith.

1.18.4 All trademarks, trade names, service marks, copyrights, patents, designs, databases, whether registered or not, used by the Transferor Company exclusively in the business, activities and operations of the Retail Undertaking.

1.18.5 All permits, licenses, registrations, certificates, consents, approvals, authorizations, no-objection certificates, quotas, rights (including rights under any agreement, contracts, applications, letter of intent or any other contract), subsidies, grants, exemptions, tax benefits, tax credits, refunds, quality certifications and approvals, product registrations, industrial and other licences, granted by any authority including from central government, state government, local authority, customs, central excise, income tax, service tax, sales tax, value added tax, Reserve Bank of India, department of Weights & Measures, Food Safety & Standards Authority of India, of the Transferor Company in relation to the Retail Undertaking, registrations.

1.18.6 All records, files, papers, manuals, data, sales and advertising materials, lists and other details of customers and suppliers, credit information, pricing information, whether in physical or electronic form, all pertaining to or relating to the Retail Undertaking of the Transferor Company;

1.18.7 All employees, staff and workers of the Transferor Company, as are primarily engaged in the Retail Undertaking.

Any question that may arise as to whether a specific asset or liability or any other property or employee pertains or does not pertain to the Retail Undertaking of the Transferor Company or whether it arises out of the activities or operations of the Retail Undertaking of the Transferor Company shall be decided by mutual agreement between the Board of the Transferor Company and the Transferee Company but with the written consent of the Resulting Company.

1.19 **“Scheme of Arrangement”** or **“Scheme”** means this Composite Scheme of Arrangement as submitted in the present form to the High Courts, with any modification(s) approved or imposed or directed by the High Courts or made pursuant to Clause 34 of this Scheme.



- 1.20 “SEBI” means the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992;
- 1.21 “SEBI Circular” means Circular number CIR/CFD/CMD/16/2015 dated November 30, 2015 issued by the SEBI including any amendment thereof;
- 1.22 “SEBI LODR Regulations” means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- 1.23 “Slump Sale Appointed Date” shall mean the commencement of business on November 1, 2016;
- 1.24 “Slump Sale” means sale of an undertaking on a going concern basis as defined under Section 2(42C) of the Income Tax Act, for a lump sum consideration without values being assigned to individual assets and liabilities;
- 1.25 “Stock Exchanges” means BSE Limited and the National Stock Exchange of India Limited;
- 1.26 “VetCa Undertaking” means the entire undertaking of HFL pertaining to its VetCa Undertaking and includes:
- 1.26.1 All assets (whether moveable or immovable) including freehold land, office premises, all other assets and properties (whether tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) including, without limitation, interests, loans, deposits, advances (including accrued interest), investments including investments in overseas subsidiaries, receivables, cash on hand, investment in mutual funds, liquid funds, balance with banks (including bank fixed deposits), equipment, plant and machinery and the related assets and agreements, capital work in progress, unbilled revenue, furniture, fixtures, office equipment, appliances, accessories, vehicles, power connections, utilities and other service connections, all customer contracts, forward cover contracts, hedging contracts, receivables, claims, refunds, earnest moneys paid, rights and benefits under any agreements or security arrangements and funds, contingent rights, rights arising under contracts and all other rights, title, interests, privileges and benefits of every kind wherever located (including in the possession of vendors, third parties or elsewhere) and used or held, by the Transferor Company in, or otherwise identified for use in, or relating to, the business activities and operations pertaining to the VetCa Undertaking of the Transferor Company;
- 1.26.2 All liabilities and all debts, guarantees, assurances, commitments, obligations, loans, and undertakings of any kind, nature and description whatsoever and howsoever arising, present or future and including, without limitation, borrowings, working capital facilities, advances from customers, unearned revenues, bills payable, interest, whether fixed, contingent or absolute, secured or unsecured, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising, (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability) pertaining to the VetCa Undertaking of the Transferor Company;

Explanation: For the purpose of this Scheme, it is hereby clarified that the liabilities



pertaining to the VetCa Undertaking of the Transferor Company shall include:

- (i) liabilities, which accrue or arise out of the activities or operations of the VetCa Undertaking of the Transferor Company; and
 - (ii) specific loans and borrowings raised, incurred and utilized for the activities or operations of the VetCa Undertaking of the Transferor Company.
- 1.26.3 All contracts, agreements, leases, memoranda of understanding, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements, sales orders, purchase orders or other instruments of whatsoever nature to which the Transferor Company is a party, relating to its VetCa Undertaking, or otherwise identified to be for the benefit of the same, approvals, electricity permits, telephone connections, building and parking rights, pending applications for consents or extension pertaining to the VetCa Undertaking of the Transferor Company;
- 1.26.4 All intellectual properties, labels, brands, trademarks, trade names, service marks, copyrights, patents, designs, software and computer programmes, databases, domain names, including those pending registrations and applications for brands, trademarks, labels, trade names, service marks, copyrights, patents, designs, software and computer programs, databases and domain names, used by the Transferor Company or held for use by the Transferor Company exclusively in the business, activities and operations of the VetCa Undertaking;
- 1.26.5 All permits, licenses, consents, approvals, authorizations, quotas, rights, powers, permissions, arrangements, assignments, sanctions, entitlements, allotments, exemptions, incentives, tax benefits, deferrals, subsidies, concessions, grants, claims, liberties, special status, benefits and privileges enjoyed or conferred upon or held or availed of by the Transferor Company in relation to or pertaining to its VetCa Undertaking, registrations, advantages, no-objection certificates, certifications, easements, and any waivers of the foregoing, issued by any legislative, executive or judicial unit of any Governmental or quasi-Governmental entity or any department, commission, board, agency, bureau, official or other regulatory, local (including Municipal), administrative or judicial authority, used or held for use by the Transferor Company in respect of business, activities and operations pertaining to its VetCa Undertaking;
- 1.26.6 All tax credits, including cenvat credits, refunds, reimbursements, claims, exemptions, benefits under service tax laws, value added tax (VAT), purchase tax, sales tax or any other duty or tax or cess or imposts under any Central or State law including sales tax deferrals, special economic zone benefits, excise duty benefits, tax deducted at source, right to carry forward and set-off unabsorbed losses, and depreciation, if any and exemptions, deductions, benefits and incentives under the Income-tax Act in respect of business, activities and operations pertaining to the VetCa Undertaking of the Transferor Company;
- 1.26.7 All rights, benefits and other interest, whether held in trust or otherwise, contracts, agreements, powers, engagements, arrangements of all kind, privileges and all other rights including title, interests, other benefits (including tax benefits), easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, possession, power or custody of or in the control of or vested in or granted in



favour of or enjoyed by the Transferor Company, whether in India or abroad, all pertaining to the VetCa Undertaking of the Transferor Company;

1.26.8 All records, files, papers, manuals, data, sales and advertising materials, lists and other details of customers and suppliers, credit information, pricing information, whether in physical or electronic form, all pertaining to the VetCa Undertaking of the Transferor Company;

1.26.9 All such employees including contract employees of the Transferor Company, as are primarily engaged in or in relation to the business activities and operations pertaining to the VetCa Undertaking of the Transferor Company its respective offices, branches, or by its subsidiaries, etc, and any other employees/personnel hired by the Transferor Company on and after the date hereof who are primarily engaged in or in relation to the business, activities and operations pertaining to its VetCa Undertaking;

Any question that may arise as to whether a specific asset or liability or any other property or employee pertains or does not pertain to the VetCa Undertaking of the Transferor Company or whether it arises out of the activities or operations of the VetCa Undertaking of the Transferor Company shall be decided by mutual agreement between the Board of Directors of the Transferor Company and the Transferee Company.

1.27 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Income-tax Act, the Securities Contracts Regulation Act, 1956, the Securities and Exchange Board of India Act, 1992, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

1.28 References to clauses and recitals, unless otherwise provided, are to clauses and recitals of and to this Scheme.

1.29 The headings herein shall not affect the construction of this Scheme.

2. SHARE CAPITAL

2.1 HFL:

The authorised share capital and the issued, subscribed and fully paid-up share capital of HFL, as on September 30, 2016, was as follows:

Particulars	INR
<u>Authorised Share Capital</u>	50,00,00,000
4,80,00,000 equity shares of INR 10 each	48,00,00,000
20,00,000 preference shares of INR 10 each	2,00,00,000
Total	50,00,00,000
<u>Issued, Subscribed & Fully Paid-up Share Capital</u>	
2,31,99,000 equity shares of INR 10 each	23,19,90,000



Particulars	INR
Total	23,19,90,000

The shares of HFL are currently listed on the Stock Exchange.

2.2 HFRL:

The authorised share capital and the issued, subscribed and fully paid-up share capital of HFRL, as on September 30, 2016, was as follows:

Particulars	INR
<u>Authorised Share Capital</u> 1,50,00,000 equity shares of INR 10 each	15,00,00,000
Total	15,00,00,000
<u>Issued, Subscribed & Fully Paid-up Share Capital</u> 1,65,600 equity shares of INR 10 each	16,56,000
Total	16,56,000

The entire paid up share capital of HFRL is held by HFL and its nominees.

2.3 FRL:

The authorised share capital and the issued, subscribed and fully paid-up share capital of FRL, as on September 30, 2016, was as follows:

Particulars	INR
<u>Authorised Share Capital</u> 12,50,00,00,000 Equity Shares of INR 2 each	25,00,00,00,000
Total	25,00,00,00,000
<u>Issued Share Capital</u> 47,14,42,928 Equity Shares of INR 2 each	94,28,85,856
<u>Subscribed and Paid-up Share Capital</u> 47,13,38,557 Equity Shares of INR 2 each	94,26,77,114

The shares of FRL are currently listed on the Stock Exchange.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme shall be operative from the Effective Date, but shall be effective from and be



implemented with effect from the Slump Sale Appointed Date and the Demerger Appointed Date, as may be applicable.

PART II

TRANSFER OF THE RETAIL UNDERTAKING AND THE VETCA UNDERTAKING BY WAY OF SLUMP SALE TO HFRL

4. TRANSFER OF THE RETAIL UNDERTAKING AND THE VETCA UNDERTAKING

- 4.1 On the coming into effect of this Scheme and with effect from the Slump Sale Appointed Date, each of the Retail Undertaking and the VetCa Undertaking together with their respective assets, properties, liabilities, rights, benefits and interests therein, subject to existing charges if any, thereon, shall, without any further deed, act, matter or thing, stand transferred to and vested with Transferee Company pursuant to Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, on a going concern and a 'Slump Sale' basis for lump sum consideration as set out hereinafter in this Part II of the Scheme, free from all Encumbrances and litigations, except the Permitted Encumbrances.
- 4.2 The transfer of each of the Retail Undertaking and the VetCa Undertaking under this Scheme is in compliance with the Income-tax Act, specifically Section 2(42C) and other relevant provisions. If any of the terms of this Scheme are inconsistent with the provisions of Sections 2(42C) of the Income-tax Act, the provisions of Sections 2(42C) of the Income-tax Act shall to the extent of such inconsistency, prevail and the Scheme shall, stand and be deemed to be modified to that extent to comply with the said provisions and such modifications shall not affect the other parts of the Scheme.

5. ASSETS AND LICENCES

- 5.1 Without limiting the generality of Clause 4.1, upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date:
- 5.1.1 All the immovable properties (including land, building and other immovable property) of each of the Retail Undertaking and VetCa Undertaking shall stand transferred to, and be vested in, the Transferee Company, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requiring any deed or instrument of conveyance and shall upon such transfer become the property of the Transferee Company so as to vest in the Transferee Company all the rights, title and interest in such immovable properties. Such immovable property transferred shall be free from all Encumbrances except the Permitted Encumbrances. With effect from the Slump Sale Appointed Date, the Transferee Company shall be entitled to exercise all rights and privileges, and be liable to pay all taxes and charges, and fulfill all obligations, in relation to or applicable to such immovable properties.
- 5.1.2 All the assets of each of the Retail Undertaking and the VetCa Undertaking as are movable in nature or are otherwise capable of transfer by endorsement and delivery, shall stand transferred to, and be vested in, the Transferee Company, pursuant to the provisions of Sections 391 to 394 of the



Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requiring any deed or instrument of conveyance and shall upon such transfer become the property of the Transferee Company so as to vest in the Transferee Company all the rights, title and interest in such assets. The transfer or vesting pursuant to this sub-Clause shall be deemed to have occurred by physical delivery or endorsement and delivery, as appropriate to the property being transferred/ vested and the title to such property shall be deemed to have been transferred and vested accordingly. Such property transferred shall be free from all Encumbrances except the Permitted Encumbrances.

- 5.1.3 All the intellectual property which relate exclusively to the Retail Undertaking and the VetCa Undertaking, shall stand transferred to, and be vested in, the Transferee Company, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requiring any act or deed to be done by the Transferor Company and / or the Transferee Company.
- 5.1.4 All the assets (other than those specified in sub-clauses 5.1.1, 5.1.2 and 5.1.3 above) of each of the Retail Undertaking and the VetCa Undertaking, including sundry debtors, receivables, bills, outstanding loans and advances, bank balances, deposits, etc., the same shall stand transferred to and vested in the Transferee Company, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requirement of any notice or other intimation to any person, to the end and intent that right of the Transferor Company to recover or realize the same stands transferred to the Transferee Company. The Transferee Company shall at its sole and absolute discretion, and without being obliged and if it so deems appropriate, give notice in such form as it may deem fit and proper to each person, debtor or deposittee that pursuant to the Scheme sanctioned by the High Courts, the said debt, receivable, bill, loan, advance or deposit stands transferred and vested in the Transferee Company and the same be paid to or made good to or held on account of the Transferee Company
- 5.1.5 All licences, permissions, approvals, consents, certificates, registrations, no-objections, clearances, concessions, exemptions or rights granted to, issued to or executed in favour of the Transferor Company in relation to the Retail Undertaking and/or the VetCa Undertaking, shall, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, of the Act, stand vested in or transferred to or deemed amended in favour of the Transferee Company as if the same were originally granted to, issued to or executed in favour of the Transferee Company, and shall be appropriately transferred or assigned by the concerned statutory authorities in favour of the Transferee Company upon vesting of the Retail Undertaking and / or the VetCa Undertaking, as the case may be, pursuant to this Scheme. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licences, and consents shall vest in and become available to the Transferee Company pursuant to the Scheme.
- 5.1.6 All the existing Encumbrances, if any, on the assets of the Retail Undertaking and / or the VetCa Undertaking relating to the liabilities of the Retail Undertaking and / or the VetCa Undertaking, shall, after the Slump Sale Appointed Date, continue to relate and attach to only such assets or any part



thereof to which they are related or attached. Further, the Encumbrances, if any, on the assets of the Remaining Business of the Transferor Company in relation to the liabilities of the Retail Undertaking and / or the VetCa Undertaking, shall without any further act, instrument or deed be released and discharged from such Encumbrance.

- 5.1.7 All the existing Encumbrances, if any, on the assets of the Retail Undertaking and / or the VetCa Undertaking relating to the liabilities of the Remaining Business of the Transferor Company, shall without any further act, instrument or deed be released and discharged from such Encumbrance.
- 5.1.8 The Transferee Company shall be entitled to benefit of all insurance policies which have been issued in relation to the Retail Undertaking and / or VetCa Undertaking and the name of the Transferee Company shall be substituted as the "insured party" in the policies as if the Transferee Company was initially a party.

6. LIABILITIES

- 6.1.1 Without limiting the generality of Clause 4.1, upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date, all secured and unsecured debts, sundry creditors, liabilities, contingent liabilities, guarantees, duties and obligations of every kind, nature and description (whether in Indian Rupees or foreign currency) whatsoever and howsoever arising, raised or incurred or utilised by the Transferor Company in relation to each of the Retail Undertaking and the VetCa Undertaking, shall become and be the debts, liabilities, guarantees, duties and obligations of the Transferee Company along with any charge, lien, encumbrance or security thereon, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requirement of any further act, instrument, matter, thing or deed. It shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause. Further, all debts and loans raised and duties, liabilities and obligations incurred or which arise or accrue to the Transferor Company in relation to each of the Retail Undertaking and the VetCa Undertaking on or after the Slump Sale Appointed Date till the Effective Date, shall be deemed to have been raised, used or incurred for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Transferee Company and shall become the debts, loans raised, duties, liabilities and obligations incurred by the Transferee Company by virtue of this Scheme. Where any of the debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations of the Transferor Company in relation to each of the Retail Undertaking and the VetCa Undertaking as on the Slump Sale Appointed Date deemed to be transferred to the Transferee Company have been discharged by the Transferor Company after the Slump Sale Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.

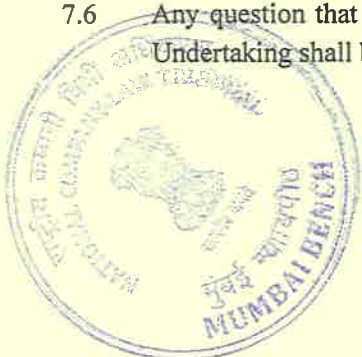
7. EMPLOYEES, STAFF AND WORKMEN

- 7.1 Without limiting the generality of Clause 4.1, upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date, all employees, staff and workmen of the Transferor Company engaged in the Retail Undertaking and the VetCa Undertaking and who are in such employment as on



the Effective Date shall become employees of the Transferee Company from the Slump Sale Appointed Date or their respective joining date, whichever is later, without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company shall be no less favourable than those on which they are engaged in the Transferor Company.

- 7.2 The Transferee Company agrees that the services of all the employees of each of the Retail Undertaking and the VetCa Undertaking prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which such employees may be eligible and accordingly, the period of service of such employees shall be reckoned therefore from the date of their respective appointment in the Transferor Company.
- 7.3 In the event of retrenchment of the employees of the Retail Undertaking and/or the VetCa Undertaking, the Transferee Company will be liable to pay compensation in accordance with law on the basis that the services of the employees shall have been continuous and shall not have been interrupted by reason of such Slump Sale.
- 7.4 Till the Effective Date of this Scheme, the Transferor Company shall make contributions to the government maintained provident fund and / or other funds in relation to the staff, workmen and employees of each of the Retail-Undertaking and the VetCa Undertaking. On and from the Effective Date, the Transferee Company shall make appropriate contributions to such provident fund and/or other funds in respect of the staff, workmen and employees taken over by it pursuant to this Scheme. The contributions, and all accretions thereto, in the provident fund account, superannuation fund, gratuity fund and other benefit funds if any, of which such employees are members or beneficiaries till the Effective Date, shall, with the approval of the concerned authorities be transferred (in such proportion as is allocable to the employees of the Retail Undertaking and/or the VetCa Undertaking being transferred to the Transferee Company) to the relevant funds of the Transferee Company for the benefit of the employees of the Retail Undertaking and/or the VetCa Undertaking on terms no less favourable. In the event that the Transferee Company has its own funds in respect of any of the funds referred to above, such investments shall, subject to the necessary approvals and permissions, be transferred to the relevant funds. In the event that the Transferee Company does not have its own fund in respect of any of the aforesaid matters, the Transferor Company may, subject to necessary approvals and permissions, continue to contribute in respect of the employees engaged in the Retail Undertaking and/or the VetCa Undertaking to the existing funds, until such time that the Transferee Company creates its own fund, at which time the investments and contributions pertaining to the employees of the Retail Undertaking and/or the VetCa Undertaking shall be transferred to the funds created by the Transferee Company. In case, necessary approvals are not received and there is delay, all such amounts shall continue to be administered by the Transferor Company in trust for the Transferee Company from the Effective Date till the date of actual transfer and, on receiving the approvals all the accumulated amounts till such date, shall be transferred to the respective funds of the Transferee Company *suo moto*.
- 7.5 Any disciplinary action initiated by the Transferor Company against any employee of the Retail Undertaking and/or the VetCa Undertaking shall have full force, effect and continuity as if it was initiated by the Transferee Company instead of the Transferor Company.
- 7.6 Any question that may arise as to whether any employee belongs or does not belong to the Retail Undertaking shall be decided by the Board of the Companies.



7.7 Any question that may arise as to whether any employee belongs or does not belong to the VetCa Undertaking shall be decided by the Board of the Transferor Company and the Transferee Company.

8. CONTRACTS AND DEEDS

8.1 Without limiting the generality of Clause 4.1, upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date, subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments (including all leases, licenses and other assurances in favour of the Transferor Company or powers or authorities granted by or to it) of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, all in relation to the Retail Undertaking and/or the VetCa Undertaking and which are subsisting or having effect immediately before the Effective Date, shall, without any further act, instrument or deed, continue in full force and effect in favour of, by, for or against the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee or obligor thereto or thereunder. It is hereby clarified that upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date, the Transferor Company shall have no liabilities in respect of any of the aforesaid contracts / arrangements transferred to the Transferee Company.

8.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that the vesting of the Retail Undertaking and/or the VetCa Undertaking of the Transferor Company in the Transferee Company occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required, under any law or otherwise, take such actions or enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of, any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the provisions of this Scheme. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances required for the purposes referred to above.

8.3 For avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, certificates, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company in relation to the Retail Undertaking and/or the VetCa Undertaking shall stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Transferee Company.

8.4 Without prejudice to the aforesaid, it is clarified that if any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Retail Undertaking and/or the VetCa Undertaking which the Transferor Company owns or to which the Transferor Company is a party, cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company, in so far as it is permissible so to do, till such time as the transfer is given effect to.



9. LEGAL PROCEEDINGS

- 9.1 Without limiting the generality of Clause 4.1, upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date, all Permitted Encumbrances of whatever nature pending and / or arising after the Slump Sale Appointed Date, in any court or before any authority, judicial, quasi-judicial or administrative or any adjudicating authority or any arbitral tribunal, by or against the Transferor Company in relation to the Retail Undertaking and/or the VetCa Undertaking shall be continued and/or enforced until the Effective Date as desired by the Transferor Company, and on and from the Effective Date, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of this Slump Sale or by anything contained in this Scheme, but the said suits, appeals or other legal proceeding shall be continued and/or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or had arisen and/or were pending by or against the Transferee Company.
- 9.2 On and from the Effective Date, the Transferee Company shall have the right to initiate, defend, compromise or otherwise deal with any legal proceedings in relation to the Permitted Encumbrances relating to the Retail Undertaking and / or the VetCa Undertaking, in the same manner and to the same extent as it would or might have been initiated by the Transferor Company, as the case may be, had the Scheme not been made.
- 9.3 On and from the Slump Sale Appointed Date, if any proceedings in relation to the Permitted Encumbrances are taken by or against the Transferor Company in relation to the Retail Undertaking and/or the VetCa Undertaking, the Transferor Company shall till the Effective Date continue and/or defend the same at the cost of the Transferee Company, and the Transferee Company shall reimburse and indemnify the Transferor Company against all liabilities and obligations incurred by the Transferor Company in respect thereof.
- 9.4 The Transferee Company undertakes to have all legal or other proceedings in relation to the Permitted Encumbrances initiated by or against the Transferor Company referred to in Clause 9.1 above transferred to its name on and after the Effective Date, and to have the same continued, prosecuted and enforced by or against the Transferee Company as the case may be, to the exclusion of the Transferor Company.
- 9.5 Notwithstanding the above, in case the proceedings referred to in Clause 9.1 above cannot be transferred for any reason, or the transfer takes time, till such transfer the Transferor Company shall defend the same in accordance with the advice of the Transferee Company and at the cost of the Transferee Company, and the Transferee Company shall reimburse, indemnify and hold harmless the Transferor Company against all liabilities and obligations incurred by the Transferor Company in respect thereof.

10. TAXES

- 10.1 Upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date, all taxes, duties, cess of any nature (including income-tax, sales tax, excise duty, customs duty, service tax, VAT etc.) paid or payable, including any tax deduction or collection at source, service tax input credit receivables, by the Transferor Company in relation to the Retail Undertaking and the VetCa Undertaking and relating to the period after the Slump Sale Appointed Date until the Effective Date,



shall be deemed to have been on account of or on behalf of or paid or payable by the Transferee Company and shall, in all proceedings, be dealt with accordingly.

- 10.2 On the Scheme becoming effective, the Transferor Company and the Transferee Company may revise their respective returns pertaining to income tax, service tax, sales tax, VAT and other tax returns, and claim refunds and/or credits, including credits for tax deducted at source, as applicable pursuant to the provisions of this Scheme.

11. CONDUCT OF BUSINESS TILL THE EFFECTIVE DATE

- 11.1 With effect from the Slump Sale Appointed Date and till the Effective Date:

11.1.1 The Transferor Company shall carry on, and shall be deemed to have carried on, all the business, activities and operations relating to the Retail Undertaking and/or the VetCa Undertaking, and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the assets, properties and liabilities of each of the Retail Undertaking and/or the VetCa Undertaking, on account of and / or on behalf of and / or for the benefit of and / or in trust for, the Transferee Company.

11.1.2 All the profits or incomes accruing or arising and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by the Transferor Company in relation to each of the Retail Undertaking and the VetCa Undertaking shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes, or as the case may be, expenditure or losses (including taxes) of, the Transferee Company.

11.1.3 Any of the rights, powers, authorities and privileges attached or related or pertaining to each of the Retail Undertaking and the VetCa Undertaking and exercised by or available to the Transferor Company, shall be deemed to have been exercised for and on behalf of and as an agent for the Transferee Company. Further, any of the obligations, duties and commitments attached, relating or pertaining to each of the Retail Undertaking and the VetCa Undertaking that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken or discharged for and on behalf of and as an agent for the Transferee Company.

12. SAVING OF CONCLUDED TRANSACTIONS

- 12.1 Subject to the terms of this Scheme, the transfer and vesting of the Retail Undertaking and the VetCa Undertaking under this Scheme shall not affect any transactions or proceedings already concluded on or after the Slump Sale Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Company in relation to the Retail Undertaking and/or the VetCa Undertaking as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

13. CONSIDERATION

- 13.1 In consideration of the transfer of and vesting of the Retail Undertaking and the VetCa Undertaking with the Transferee Company in accordance with this Scheme by way of slump sale as defined under the provisions of section 2(42C) of the Income-tax Act, the Transferee Company shall pay a consideration of INR 135,00,00,000/- (Rupees One Hundred and Thirty Five Crores), subject to adjustment of net working capital between the Slump Sale Appointed Date and the Effective Date,



which shall be discharged in the manner specified in Clause 13.2.

- 13.2 The consideration would be discharged by the Transferee Company, without any further application, deed, action or thing, by way of issuance and allotment of 1,40,00,000 (One Crore Forty Lakhs) equity shares of the Transferee Company, each of a face value of INR 10 (Rupees Ten only) and a premium of INR 86.43 (Rupees Eighty Six and Paise Forty Three), credited as fully paid-up to the Transferor Company.
- 13.3 Upon the issuance of the Equity Shares as per Clause 13.1, the issued, subscribed and paid-up share capital of the Transferee Company shall stand increased to INR 14,16,56,000 (Rupees Fourteen Crores Sixteen Lakhs Fifty Six Thousand) comprising of 1,41,65,600 (One Crore Forty One Lakhs Sixty Five Thousand and Six Hundred only) equity shares having a face value of INR 10 (Rupees Ten only).
- 13.4 The approval of this Scheme by the shareholders of the Transferee Company and the Transferor Company, under Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, shall also be deemed to be the approval by the shareholders under the provisions of Section 62 of the Companies Act, 2013 and all other applicable provisions of the Act and applicable law for the purpose of subscription and issuance and allotment of the Equity Shares of the Transferee Company to the Transferor Company in accordance with the Scheme. It is clarified that no additional special resolution under Section 62(1)(c) of the Companies Act, 2013 or any other provision of the Act or applicable law shall be required to be passed for issuance and allotment of the equity shares of the Transferee Company to the Transferor Company under this Scheme.

14. REMAINING BUSINESS OF THE TRANSFEROR COMPANY

- 14.1 The Remaining Business of the Transferor Company including all the properties and assets, investments including investments in subsidiaries, debts, liabilities and obligations of the Transferor Company relating to the Remaining Business of the Transferor Company and which do not form part of the Retail Undertaking or the VetCa Undertaking shall continue to belong to and remain vested in the Transferor Company.
- 14.2 The Transferor Company shall be entitled to carry on its business and activities pertaining to the Remaining Business of the Transferor Company in such manner as it may deem fit and proper and nothing herein contained shall affect the business and activities of the Transferor Company in relation to the Remaining Business. Further, the Transferor Company shall be deemed to have been carrying on all business and activities relating to the Remaining Business of the Transferor Company for and on its own behalf.
- 14.3 All assets and properties acquired by the Transferor Company at any time including on and after the start of business on the Slump Sale Appointed Date shall, to the extent that the same do not relate to the Retail Undertaking or the VetCa Undertaking, form part of the Remaining Business.
- 14.4 All liabilities, debts and obligations incurred by or arising against the Transferor Company at any time including on and after the start of business on the Slump Sale Appointed Date shall, to the extent that the same do not relate to the Retail Undertaking or the VetCa Undertaking, form part of the



Remaining Business of the Transferor Company.

- 14.5 The Transferor Company shall be entitled to enter into such contracts as the Transferor may deem fit and proper in respect of the Remaining Business of the Transferor Company.
- 14.6 All the profits or incomes accruing or arising and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by the Transferor Company in relation to Remaining Business of the Transferor Company shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes, or as the case may be, expenditure or losses (including taxes) of, the Transferor Company.
- 14.7 All the legal and other proceedings by or against the Transferor Company under any statute, whether pending on the Slump Sale Appointed Date or which may be instituted after the Slump Sale Appointed Date, relating to the Remaining Business of the Transferor Company shall be continued and enforced by or against the Transferor Company.
15. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEREE COMPANY
- 15.1 Upon the Scheme becoming effective, the Transferee Company shall record the assets and liabilities comprised in the Retail Undertaking and VetCa Undertaking of the Transferor Company transferred to the Transferee Company pursuant to this Scheme, by undertaking a purchase price allocation for the Slump Sale consideration to the respective assets and liabilities based upon the values determined by an independent valuer or by the Board of the Transferee Company.
- 15.2 The Transferee Company shall credit its share capital account in its books of account with the aggregate face value of the equity shares issued to the Transferor Company pursuant to Clause 13.2 of the Scheme. Further, the Transferee Company shall credit to its securities premium account, the aggregate premium on securities issued by it pursuant to Clause 13.2 of the Scheme. The securities premium account recorded by the Transferee Company shall be applied as per the provisions of Section 52 of Companies Act, 2013.
- 15.3 The difference, if any, in the value of consideration and net value of assets and liabilities of the Retail Undertaking and the VetCa Undertaking, as determined under Clause 15.1 above, shall be accounted in accordance with principles as laid down in the applicable accounting standards, the applicable provisions of the Act and generally accepted accounting principles in India.
16. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEROR COMPANY
- 16.1 Upon the Scheme becoming effective, the Transferor Company shall transfer the Retail Undertaking and the VetCa Undertaking on a going concern basis along with all their assets, liabilities, rights and obligations as defined in Clause 1.19 and Clause 1.25 respectively of this Scheme, to the Transferee Company.
- 16.2 The Transferor Company shall reduce the book value of assets and liabilities comprised in the Retail Undertaking and the VetCa Undertaking from its books of account.
- 16.3 The aggregate value of the equity shares allotted under Clause 13.2 above, along with the premium shall be debited to the investments account.



- 16.4 The excess or shortfall of aggregate value of the equity shares allotted under Clause 13.2 above along with the premium over the book value of Retail Undertaking and VetCa Undertaking and directly attributable transaction cost shall be adjusted to the capital reserve account.

PART III

TRANSFER AND VESTING OF DEMERGED UNDERTAKING TO AND IN THE RESULTING COMPANY

17. TRANSFER OF DEMERGED UNDERTAKING

- 17.1 For the purposes of this Part III, “after giving effect to Part II of the Scheme” will be determined mutually by the Board of Directors of the Demerged Company and the Resulting Company.
- 17.2 With effect from the Demerger Appointed Date and after giving effect to Part II of the Scheme, the Demerged Undertaking, together with its assets, properties, liabilities, rights, benefits and interests therein, shall, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, and without any further act, instrument, deed, matter or thing, be and stand transferred to and vested in the Resulting Company, free of charges, on a going concern basis in consideration for the issuance of the Resulting Company’s shares as set out hereinafter in this Part III of the Scheme, so as to vest in the Resulting Company all rights, title and interest pertaining to the Demerged Undertaking, free from all Encumbrances, except the Permitted Encumbrances.
- 17.3 The demerger of the Demerged Undertaking under this Scheme shall be in compliance with the conditions of “demerger” as specified under Section 2(19AA) of the Income-tax Act and other relevant provisions, i.e. transfer of all assets and liabilities relating to the Demerged Undertaking at values appearing in the books of accounts of Demerged Company immediately before the demerger, issue of shares to shareholders of Demerged Company on a proportionate basis, etc..

18. ASSETS AND LICENCES

- 18.1 Without prejudice to the generality of Clause 17.1 above, upon the Scheme becoming effective, and with effect from the Demerger Appointed Date and after giving effect to Part II of the Scheme:
- 18.1.1 All the immovable properties (including land, building and other immovable property) of the Demerged Undertaking shall stand transferred to, and be vested in, the Resulting Company, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requiring any deed or instrument of conveyance and shall upon such demerger, become the property of the Resulting Company so as to vest in the Resulting Company all the rights, title and interest in such immovable properties, on and from the Demerger Appointed Date and after giving effect to Part II of this Scheme. Such immovable property transferred shall be free from all Encumbrances except Permitted Encumbrances. With effect from the Demerger Appointed Date and after giving effect to Part II of this Scheme, the Resulting Company shall be entitled to exercise all rights and privileges, and be



liable to pay all taxes and charges, and fulfil all obligations, in relation to or applicable to such immovable properties.

- 18.1.2 All the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by endorsement and delivery, shall stand transferred to, and be vested in, the Resulting Company, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requiring any deed or instrument of conveyance and shall upon such transfer become the property of the Resulting Company so as to vest in the Resulting Company all the rights, title and interest in such assets, on and from the Demerger Appointed Date and after giving effect to Part II of the Scheme. The transfer or vesting pursuant to this sub-Clause shall be deemed to have occurred by physical delivery or endorsement and delivery, as appropriate to the property being transferred/ vested and the title to such property shall be deemed to have been transferred and vested accordingly. Such property transferred shall be free from all Encumbrances except Permitted Encumbrances.
- 18.1.3 All the intellectual property relating exclusively to the Demerged Undertaking, shall stand transferred to, and be vested in, the Resulting Company, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requiring any act or deed to be done by the Demerged Company and / or the Resulting Company, on and from the Demerger Appointed Date and after giving effect to Part II of the Scheme.
- 18.1.4 All the assets (other than those specified in sub-Clause 18.1.2 and 18.1.3 above) of the Demerged Undertaking, including sundry debtors, receivables, bills, outstanding loans and advances, bank balances, deposits, etc., the same shall stand transferred to and vested in the Resulting Company, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requirement of any notice or other intimation to any person, to the end and intent that the right of the Demerged Company to recover or realize the same stands transferred to the Resulting Company, on and from the Demerger Appointed Date and after giving effect to Part II of the Scheme. The Resulting Company shall at its sole and absolute discretion, and without being obliged and if it so deems appropriate, give notice in such form as it may deem fit and proper to each person, debtor or depositee that pursuant to the Scheme sanctioned by the High Courts, the said debt, receivable, bill, loan, advance or deposit stands transferred and vested in the Resulting Company and the same be paid to or made good to or held on account of the Resulting Company.
- 18.1.5 All licences, permissions, approvals, consents, certificates, registrations, no-objections, clearances, concessions, exemptions or rights granted to, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking, shall, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, stand vested in or transferred to or deemed amended in favour of the Resulting Company as if the same were originally granted to, issued to or executed in favour of the Resulting Company, and shall be appropriately transferred or assigned by the concerned statutory authorities in favour of the Resulting Company upon vesting of the Demerged Undertaking on and



from the Demerger Appointed Date and after giving effect to Part II of the Scheme. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licences, and consents shall vest in and become available to the Demerged Company pursuant to the Scheme, on and from the Demerger Appointed Date.

- 18.1.6 All the existing Encumbrances other than the Permitted Encumbrances, on the assets of the Demerged Undertaking shall be released. Such Encumbrances shall not relate to or attach to any assets of the Demerged Undertaking or any other assets of the Resulting Company.
- 18.1.7 The Encumbrances, other than the Permitted Encumbrances, shall after the Effective Date relate and attach to the assets or any part thereof of the Remaining Undertaking of the Demerged Company.
- 18.1.8 The Resulting Company shall be entitled to benefit of all insurance policies which have been issued in relation to the Demerged Undertaking and the name of the Resulting Company shall be substituted as the "insured party" in the policies as if the Resulting Company was initially a party.

19. LIABILITIES

- 19.1 Without limiting the generality of Clause 17.1, upon the Scheme becoming effective, and with effect from the Demerger Appointed Date and after giving effect to Part II of this Scheme, all secured and unsecured debts, sundry creditors, liabilities, contingent liabilities, guarantees, duties and obligations of every kind, nature and description (whether in Indian Rupees or foreign currency) whatsoever and howsoever arising, raised or incurred or utilised by the Demerged Company in relation to each of the Demerged Undertaking, shall become and be the debts, liabilities, guarantees, duties and obligations of the Resulting Company along with any charge, lien, encumbrance or security thereon, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requirement of any further act, instrument, matter, thing or deed. It shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause. Further, all debts and loans raised and duties, liabilities and obligations incurred or which arise or accrue to the Demerged Company in relation to the Demerged Undertaking on or after the Demerger Appointed Date till the Effective Date, shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Resulting Company and shall become the debts, loans raised, duties, liabilities and obligations incurred by the Resulting Company by virtue of this Scheme. Where any of the debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations of the Demerged Company in relation to the Demerged Undertaking as on the Demerger Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Demerged Company after the Demerger Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.

20. EMPLOYEES, STAFF & WORKMEN

- 20.1 Without limiting the generality of Clause 17.1, upon the Scheme becoming effective, and with effect from the Demerger Appointed Date and after giving effect to Part II of the Scheme, all employees,



staff and workmen of the Demerged Company engaged in the Demerged Undertaking and who are in such employment as on the Effective Date, shall become employees, staff and workmen of the Resulting Company from the Demerger Appointed Date or their respective joining date, whichever is later, without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Resulting Company shall be no less favourable than those on which were immediately prior to the Effective Date in the Demerged Company.

- 20.2 The Resulting Company agrees that the services of all the employees of the Demerged Undertaking prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which such employees may be eligible and accordingly, the period of service of such employees shall be reckoned therefore from the date of their respective appointment in the Demerged Company.
- 20.3 In the event of retrenchment of the employees of the Demerged Undertaking on and after the Demerger Appointed Date, the Resulting Company will be liable to pay retrenchment compensation in accordance with law on the basis that the services of the employees shall have been continuous and shall not have been interrupted by reason of such demerger.
- 20.4 Till the Effective Date of this Scheme, the Demerged Company shall make contributions to the government maintained provident fund and / or other funds in relation to the staff, workmen and employees of the Demerged Undertaking. On and from the Effective Date, the Resulting Company shall make appropriate contributions to such provident fund and / or other funds in respect of the staff, workmen and employees taken over by it pursuant to this Scheme. The contributions, and all accretions thereto, in the provident fund account, superannuation fund, gratuity fund and other benefit funds if any, of which the employees of the Demerged Undertaking are members or beneficiaries till the Effective Date, shall, with the approval of the concerned authorities and after giving effect to Part II and Part III of the Scheme, be transferred (in such proportion as is allocable to the employees of the Demerged Undertaking being transferred to the Resulting Company) to the relevant funds of the Resulting Company or government for the benefit of the employees of the Demerged Undertaking on terms no less favourable than immediately existing prior to the Effective Date. In the event that the Resulting Company has its own funds in respect of any of the funds referred to above, such investments shall, subject to the necessary approvals and permissions, be transferred to the relevant funds of the Resulting Company. In the event that the Resulting Company does not have its own fund in respect of any of the aforesaid matters, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute in respect of the employees engaged in the Demerged Undertaking to the relevant funds of the Demerged Company, until such time that the Resulting Company creates its own fund, at which time the investments and contributions pertaining to the employees of the Demerged Undertaking shall be transferred to the funds created by the Resulting Company. In case, necessary approvals are not received by the Effective Date and there is delay, all such amounts shall continue to be administered by the Demerged Company in trust for the Resulting Company from the Effective Date till the date of actual transfer and, on receiving the approvals all the accumulated amounts till such date, shall be transferred to the respective funds of the Resulting Company suo moto.
- 20.5 Any disciplinary action initiated by the Demerged Company against any employee of the Demerged Undertaking shall have full force, effect and continuity as if it was initiated by the Resulting Company instead of the Demerged Company.
- 20.6 Any question that may arise as to whether any employee belongs or does not belong to the Demerged Undertaking shall be mutually decided by Board Demerged Company and the Resulting Company.



21. CONTRACTS, DEEDS, ETC.

- 21.1 Without limiting the generality of Clause 17.1, upon the Scheme becoming effective, and with effect from the Demerger Appointed Date and after giving effect to Part II of the Scheme, subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments (including all leases, licenses and other assurances in favour of the Demerged Company or powers or authorities granted by or to it) of whatsoever nature to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, all in relation to the Demerged Undertaking and which are subsisting or having effect immediately before the Effective Date, shall, without any further act, instrument or deed, continue in full force and effect in favour of, by, for or against the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee or obligor thereto or thereunder. It is hereby clarified that upon the Scheme becoming effective, and with effect from the Demerger Appointed Date and after giving effect to Part II and Part III of the Scheme, the Demerged Company shall have no rights and liabilities in respect of any of the aforesaid contracts / arrangements transferred to the Resulting Company for the period after the Demerger Appointed Date.
- 21.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that the vesting of the Demerged Undertaking of the Demerged Company in the Resulting Company occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, take such actions or enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of, any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed in order to give formal effect to the provisions of this Scheme. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised without requirement of any consent, approval or authority of the Demerged Company, whether in writing or verbal, to execute any such writings in place and substitution of the Demerged Company and to carry out or perform all such formalities or compliances required for the purposes referred to above.
- 21.3 Upon the coming into effect of the Scheme, all powers of attorney given, issued or executed by the Demerged Company, in relation to the Demerged Undertaking, in favour of any person shall cease to have effect without any further act, deed or instrument.
- 21.4 For avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme and with effect from the Demerger Appointed Date, all consents, permissions, certificates, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand transferred to the Resulting Company, as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Resulting Company.
- 21.5 On and from the Effective Date, the Resulting Company shall, in its own right, be entitled to realise all monies and complete and enforce all pending contracts and transactions in respect of the Demerged Undertaking in the name of the Demerged Company but for the benefits and entitlement of



the Resulting Company, in so far as may be necessary, until the transfer of rights and obligations of the Demerged Company to the Resulting Company under this Scheme is formally accepted by the parties concerned.

- 21.6 Without prejudice to the aforesaid, it is clarified that if any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, in so far as it is permissible so to do, till such time as the transfer is given effect to.

22. LEGAL PROCEEDINGS

- 22.1 Without limiting the generality of Clause 17.1, upon the Scheme becoming effective, and with effect from the Demerger Appointed Date, all suits, claims, actions, appeals and legal proceedings of whatever nature pending and / or arising after the Demerger Appointed Date in relation to the Permitted Encumbrances and all suits, claims, actions, appeals and legal proceedings of whatever nature in relation to the Demerged Undertaking arising after the Demerger Appointed Date and pertaining to the period commencing on or after the Demerger Appointed Date, in any court or before any authority, judicial, quasi-judicial or administrative or any adjudicating authority or any arbitral tribunal, by or against the Demerged Company in relation to the Demerged Undertaking shall be continued and/ or enforced until the Effective Date as desired by the Resulting Company and on and from the Effective Date and after giving effect to Part II of the Scheme, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of this demerger or by anything contained in this Scheme, but the said suits, appeals or other legal proceeding shall be continued and/ or enforced by or against the Resulting Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/ or had arisen and/ or were pending by or against the Resulting Company.
- 22.2 On and from the Effective Date, and with effect from the Demerger Appointed Date and after giving effect to Part II of the Scheme, the Resulting Company shall have the right to initiate, defend, compromise or otherwise deal with any legal proceedings relating to the Demerged Undertaking, in the same manner and to the same extent as it would or might have been initiated by the Demerged Company, as the case may be, had the Scheme not been made.
- 22.3 On and from the Demerger Appointed Date and after giving effect to Part II of the Scheme, if any proceedings are taken by or against the Demerged Company in relation to the Demerged Undertaking pertaining to the period commencing on or after the Demerger Appointed Date, the Demerged Company shall till the Effective Date continue and/ or defend the same at the cost of the Resulting Company, and the Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.
- 22.4 The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company in relation to the Permitted Encumbrances and in relation to the Demerged Undertaking pertaining to the period commencing on or after the Demerger Appointed Date referred to in Clause 22.1 above transferred to its name on and after the Effective Date, and after giving effect to Part II of the Scheme, and to have the same continued, prosecuted and enforced by or against the



Resulting Company as the case may be, to the exclusion of the Demerged Company.

- 22.5 Notwithstanding the above, in case the proceedings referred to in Clause 22.1 above cannot be transferred for any reason, or the transfer takes time, till such transfer the Demerged Company shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the Resulting Company shall reimburse, indemnify and hold harmless the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

23. TAXES

- 23.1 Without limiting the generality of Clause 17.1, upon the Scheme becoming effective, and with effect from the Demerger Appointed Date and after giving effect to Part II of the Scheme, all taxes, duties, cess of any nature (including income-tax, sales tax, excise duty, customs duty, service tax, VAT etc.) paid or payable, including any tax deduction or collection at source, service tax input credit receivables, by the Demerged Company in relation to the Demerged Undertaking and relating to the period after the Demerger Appointed Date until the Effective Date, shall be deemed to have been on account of or on behalf of or paid or payable by the Resulting Company and shall, in all proceedings, be dealt with accordingly.

- 23.2 On the Scheme becoming effective and after giving effect to Part II of the Scheme, the Demerged Company and the Resulting Company may revise their respective returns pertaining to income tax, service tax, sales tax, VAT and other tax returns, and claim refunds and/or credits including credits relating to tax deducted at source, as applicable pursuant to the provisions of this Scheme.

24. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

- 24.1 With effect from the Demerger Appointed Date and till the Effective Date:

- 24.1.1 The Demerged Company shall carry on and shall be deemed to have carried on, all the business, activities and operations relating to the Demerged Undertaking and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the assets, properties and liabilities of the Demerged Undertaking on account of, and/or on behalf of and/or for the benefit of, and/or in trust for, the Resulting Company.

- 24.1.2 All the profits or incomes accruing or arising to the Demerged Company and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by the Demerged Company in relation to the Demerged Undertaking shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes or as the case may be, expenditure or losses (including taxes) of the Resulting Company.

- 24.1.3 Any of the rights, powers, authorities and privileges attached or related or pertaining to the Demerged Undertaking and exercised by or available to the Demerged Company, shall be deemed to have been exercised by the Demerged Company for and on behalf of and as an agent for the Resulting Company. Further, any of the obligations, duties and commitments attached, relating or pertaining to the Demerged Undertaking that have been undertaken or discharged by the Demerged Company shall be deemed to have been undertaken or discharged for and on behalf of and as an agent for the Resulting Company.



25. SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of this Scheme, the transfer and vesting of the Demerged Undertaking of the Demerged Company under this Scheme shall not affect any transactions or proceedings already concluded by the Demerged Company on or after the Demerger Appointed Date till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things made, done and executed by the Demerged Company in relation to the Demerged Undertaking as acts, deeds and things made, done and executed by or on behalf of the Resulting Company.

26. ISSUE OF SHARES BY RESULTING COMPANY

26.1 Issue of Shares:

26.1.1 In consideration of the transfer and vesting of the Demerged Undertaking to and in the Resulting Company in terms of this Scheme, the Resulting Company shall, without any further application, act, instrument or deed and without any payment but subject to applicable law, after the Effective Date after giving effect to Part III of this Scheme, issue and allot to the members of the Demerged Company whose names appear on the Register of Members of the Demerged Company on the Record Date or to his / her / their respective heirs, executors, administrators or, as the case may be, successors, equity shares of the Resulting Company as under:

1,78,47,420 (One Crore seventy eight lakhs forty seven thousand four hundred and twenty) equity shares of the face value of INR 2/- (Rupees Two), each fully paid-up, of the Resulting Company to be issued on a proportionate basis to members or his / her / their respective heirs, executors, administrators or, as the case may be, successors holding fully paid-up equity shares in the Demerged Company on the Record Date. The new equity shares to be issued by the Resulting Company under this Clause are in this Scheme referred to as the "New Equity Shares".

26.1.2 The New Equity Shares to be issued and allotted by the Resulting Company to equity shareholders of the Demerged Company under Clause 26.1.1 above shall be subject to adjustments to take into account any corporate actions including but not limited to issuances of bonus shares, stock splits, and stock consolidation but excluding any dividend announced or to be announced on the shares of the Resulting Company prior to the Effective Date.

26.1.3 No fractional shares shall be issued by the Resulting Company. Fractional entitlements, if any, arising shall be rounded off to the nearest integer. A fraction of less than half shall be rounded down to the nearest lower integer and a fraction of half or more shall be rounded up to the nearest higher integer.

26.1.4 Upon the Scheme becoming effective, the issued, subscribed and paid-up share capital of the Resulting Company shall stand suitably increased consequent upon the issuance of the New Equity Shares in accordance with Clause 26.1.1. The approval of this Scheme by the shareholders of the Resulting Company and the Demerged Company, under Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, shall also be deemed to be the approval by the shareholders under the provisions of Section 62 of the Companies Act, 2013 and all other applicable provisions of the Act and applicable law for the purpose of subscription and issuance and allotment of the New Equity Shares in accordance with the Scheme. It



is clarified that no additional special resolution under Section 62(1)(c) of the Companies Act, 2013 or any other provision of the Act or applicable law shall be required to be passed for issuance and allotment of the New Equity Shares under this Scheme.

26.2 Issue in Dematerialized Form:

26.2.1 All New Equity Shares to be issued and allotted under Clause 26.1.1 by the Resulting Company shall be issued in dematerialized form.

26.2.2 If the requisite details of the account of any shareholder with a depository participant are not recorded with the Demerged Company, such shareholder concerned will be required to provide the said details to enable the Resulting Company to allot the New Equity Shares in dematerialized form to the concerned shareholder.

26.3 New Equity Shares to rank pari passu:

26.3.1 The New Equity Shares issued and allotted in terms of this Scheme shall rank pari passu in all respects with the existing equity shares of the Resulting Company including in respect of dividends, if any, that may be declared by the Resulting Company on or after the Effective Date.

26.3.2 It is clarified that the aforesaid Clause 26.3.1 in respect of declaration of dividends is an enabling provision only and shall not be deemed to confer any right on any member of the Resulting Company and the Demerged Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of Directors of the Resulting Company and the Demerged Company and subject to the approval of the shareholders of the Resulting Company and the Demerged Company.

26.4 Listing:

26.4.1 The New Equity Shares issued by the Resulting Company will be listed and/or admitted to trading on the Stock Exchanges where the shares of the Resulting Company are listed and/or admitted to trading and all necessary applications will be made in this aspect by the Resulting Company.

26.4.2 The New Equity Shares allotted by the Resulting Company pursuant to the Scheme, shall remain frozen in dematerialized form for listing and trading on respective Stock Exchanges pending permissions for the same from the respective Stock Exchange.

26.5 Resulting Company to obtain necessary approvals:

The Resulting Company shall, if and to the extent required, apply for and obtain the required statutory approvals of the concerned Governmental Authority for the issue and allotment of the New Equity Shares.

27. REMAINING UNDERTAKING OF THE DEMERGED COMPANY

27.1 The Remaining Undertaking of the Demerged Company including all the properties and assets, investments in all subsidiaries, debts, liabilities and obligations of the Demerged Company, relating to the Remaining Undertaking of the Demerged Company and which do not form part of the



Demerged Undertaking shall continue to belong to and remain vested in the Demerged Company.

- 27.2 The Demerged Company shall be entitled to carry on its business and activities pertaining to the Remaining Undertaking of the Demerged Company in such manner as it may deem fit and proper and nothing herein contained shall affect the business and activities of the Demerged Company in relation to the Remaining Undertaking of the Demerged Company. Further, the Demerged Company shall be deemed to have been carrying on all business and activities relating to the Remaining Undertaking of the Demerged Company for and on its own behalf.
- 27.3 All assets and properties acquired by the Demerged Company at any time including on and after the start of business on the Demerger Appointed Date, shall, to the extent that the same do not relate to the Demerged Undertaking, form part of the Remaining Undertaking of the Demerged Company.
- 27.4 All liabilities, debts and obligations incurred by or arising against the Demerged Company at any time including on and after the start of business on the Demerger Appointed Date, shall, to the extent that the same do not relate to the Demerged Undertaking, form part of the Remaining Undertaking of the Demerged Company.
- 27.5 The Demerged Company shall be entitled to enter into such contracts as the Demerged Company may deem fit and proper in respect of the Remaining Undertaking of the Demerged Company.
- 27.6 All the profits or incomes accruing or arising and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by the Demerged Company in relation to the Remaining Undertaking of the Demerged Company shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes, or as the case may be, expenditure or losses (including taxes) of, the Demerged Company.
- 27.7 All the legal and other proceedings by or against the Demerged Company under any statute, whether pending on the Demerger Appointed Date or which may be instituted after the Demerger Appointed Date, whether or not relating to the Demerged Undertaking of the Demerged Company, shall be continued and enforced by or against the Demerged Company.

28. ACCOUNTING TREATMENT IN THE BOOKS OF THE RESULTING COMPANY

- 28.1 The Resulting Company shall account for the demerger in its books of account as per the applicable accounting principles prescribed under Indian accounting standards (IND AS) prescribed under the Act.

29. ACCOUNTING TREATMENT IN THE BOOKS OF THE DEMERGED COMPANY

- 29.1 Pursuant to the Demerger, the Demerged Company shall transfer and reduce its assets and liabilities by the values of assets and liabilities (including any directly attributable transaction costs) relating to the Demerged Undertaking appearing in the books of accounts of the Demerged Company, immediately before the Demerger, with the resulting adjustment to be recorded in the capital reserve account.

30. ACCOUNTING TREATMENT IN THE BOOKS OF THE SHAREHOLDERS OF DEMERGED COMPANY



- 30.1 The adjustment required in the book value of investment in the Demerged Company for reduction by the value of the net assets transferred by Demerged Company to Resulting Company, shall be recorded as cost of the New Equity Shares issued by the Resulting Company.

PART IV

REDUCTION OF CAPITAL THROUGH CANCELLATION OF SHARES OF DEMERGED COMPANY HELD BY ITS EXISTING SHAREHOLDERS AND UTILISATION OF SECURITIES PREMIUM ACCOUNT

31. REDUCTION OF SHARE CAPITAL OF DEMERGED COMPANY

- 31.1 On and from the Effective Date, and with effect from the Demerger Appointed Date and after giving effect to Part II and Part III of the Scheme, the issued, subscribed and paid-up equity share capital of the Demerged Company shall, without any further application, act, instrument or deed and without any payment, be reduced.
- 31.2 On and from the Effective Date and with effect from the Demerger Appointed Date, the balance in the Securities Premium Account of the Demerged Company shall be adjusted against the debit balance of Capital Reserve Account of the Demerged Company. The debit balance, if any, in the Capital Reserve Account of the Demerged Company, post the adjustment of Securities Premium Account, shall be adjusted against the equity share Capital, as per Clause 31.1. The above reduction of equity share capital shall be carried out by reducing the number of shares held by existing shareholders of the demerged company on a proportionate basis.
- 31.3 Such reduction of Equity Share Capital and Securities Premium Account of the Demerged Company as provided in Clause 31.1 above, shall be effected as an integral part of the Scheme on the Effective Date and the order of the High Courts sanctioning the Scheme shall be deemed to be an order under Section 102 of the Companies Act, 1956, and/or Section 66 of the Companies Act, 2013, as may be applicable, confirming the reduction in share capital of the Demerged Company, and no separate sanction under Sections 100 to 103 of the Companies Act, 1956 and/or Section 66 of the Companies Act, 2013, as may be applicable, and Section 52 of the Companies Act, 2013 will be necessary.
- 31.4 The reduction would not involve a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Companies Act, 1956 and/or Section 66 of the Companies Act, 2013, will not be applicable.
- 31.5 Notwithstanding the reduction of the issued, subscribed and paid-up equity share capital of the Demerged Company, it shall not be required to add the words "And Reduced" as suffix to its name.



PART V

GENERAL TERMS AND CONDITIONS

32 APPROVALS

32.1 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority and all agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require to own and operate the Retail Undertaking and the VetCa Undertaking to be transferred to them under this Scheme.

32.2 The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority and all agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Resulting Company may require to own and operate the Demerged Undertaking to be transferred to it under this Scheme.

33 ADMINISTRATIVE CONVENIENCE

33.1 Notwithstanding anything contained in other clauses of this Scheme, the Transferor Company, the Demerged Company and the Resulting Company, shall enter into such documents, agreements, make applications to various authorities, regulatory bodies to facilitate the uninterrupted transitions of the business from the Transferor Company to the Transferee Company, and from the Demerged Company to the Resulting Company.

33.2 Notwithstanding anything contained in other clauses of this Scheme but in accordance with the Act and other applicable laws, the Transferor Company, the Demerged Company and the Resulting Company, may enter into such documents, agreements, arrangements and make applications to various authorities, regulatory bodies to facilitate the sharing of, inter alia any common services, employees, intellectual properties and other assets (whether moveable or immovable).

34 MODIFICATION OF SCHEME

34.1 Each of the Transferor Company, the Demerged Company and the Resulting Company by their respective Boards of Directors or any committee thereof or any Director authorised in that behalf (hereinafter referred to as the "Delegate") may together assent to, or make, from time to time, any modifications or amendments or additions to this Scheme which the High Courts or any Government Authority may deem fit to approve of or impose and which the Companies may in their discretion accept, or such modifications or amendments or additions as the Companies or as the case may be, their respective Delegate may deem fit, or required for the purpose of resolving any doubts or difficulties that may arise in carrying out the purpose of this Scheme and as approved by the High Courts, and the Companies by their respective Boards of Directors or Delegates are authorised to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect. In the event that any conditions may be imposed by the High Courts or any authorities, which the Companies find unacceptable for any reason, then the Companies shall be at liberty to withdraw the Scheme. The aforesaid powers of the Companies may be exercised by the Delegate of the respective Companies. It is clarified that any modification or amendment to the Scheme by the Companies, after the sanction by the High Courts, shall only be made with the prior consent of the



High Courts.

- 34.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Delegates (acting jointly) of the Companies may give and are authorised to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

35 FILING OF APPLICATIONS

- 35.1 Each of the Companies shall with all reasonable dispatch, make and file all applications/petitions under Sections 391 and 394 and other applicable provisions of the Act and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, before the respective High Court for sanction of this Scheme and each of the Companies shall obtain all requisite approvals as may be required under law to give effect to the Scheme.

36 CONDITIONALITY OF SCHEME

- 36.1 This Scheme is conditional upon and subject to:

36.1.1 The Scheme being approved by the requisite majority of the members and/or creditors of the Companies and/or by such other persons as may be required under the Act and as directed by the High Courts;

36.1.2 The requisite sanctions and approvals of any Governmental Authority including Stock Exchanges, the Securities and Exchange Board of India, and the Competition Commission of India, as may be required by law, in respect of the Scheme being obtained;

36.1.3 The sanction of this Scheme by the High Courts;

36.1.4 Copies of the orders of the High Courts sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra and the Registrar of Companies, Andhra Pradesh and Telangana;

36.1.5 The Scheme being approved by the Stock Exchanges in terms of Regulations 37 and 94 of the SEBI LODR Regulations and the SEBI Circular.

37 EFFECT OF NON-RECEIPT OF APPROVALS/ SANCTIONS

- 37.1 In the event of the Scheme not being sanctioned by the High Courts and/or the order or orders not being passed by December 31, 2017, or by such later date as may be agreed by the respective Boards of Directors of the Companies, the Scheme shall become fully null and void and in that event no rights and liabilities shall accrue to or be inter-se by the parties in terms of the Scheme, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. In such event, each party shall bear and pay its respective costs, charges and expenses for and/ or in connection with the Scheme.



38 CHANGE IN OBJECTS CLAUSE OF FRL

38.1 With effect from the Demerger Appointed Date, and upon the Scheme becoming effective, the main object clause of the Memorandum of Association of the Resulting Company shall be altered and amended, without any further act or deed, to include the objects as required for the purpose of carrying on the business activities of Demerged Undertaking, pursuant to the provisions of Sections 13 and 14 of the Companies Act, 2013 and other applicable provisions of the Act. The following clause shall be added to the Memorandum of Association of the Resulting Company in addition to its main object clause:

- "i. To manufacture, process, prepare, preserve, refine, bottle, buy, sell and deal whether as wholesaler or retailers or as exporters or importers or as Principals or agents or as keepers or dealers in all kinds of milk products, including Cheese, Butter, Ghee, Ice creams, Baby foods, Instant foods and any by-products or co-products thereof and to carry on the business and setting up of dairy farms, milk processing plants, food processing plants, cold storage plants, research laboratories, packing units, bottling plants and to manufacture and deal in all kinds and varieties of foods for human or animal consumption.*
- ii. To carry on the business of manufacturers, millers, grinders, rollers, processors, tankers, packers and preserves, and dealers of all foods from agriculture products, dairy products, horticulture and poultry products, fruits, vegetables, flowers, meats, processed meat scanned and tinned and processed foods, fast foods, processed fish and sea foods, frozen foods, potential foods, health and instant foods of all kinds, including baby and dietic foods, cereals, beverages, restoratives and aerated mineral waters and food stuffs and consumable provisions and to extract by-products, derivatives food preparations of every kind and description."*

38.2 For the purposes of amendment in the Memorandum of Association of the Resulting Company as provided in this clause, the consent / approval given by the shareholders of the Resulting Company to this Scheme pursuant to Section 391 of the Companies Act, 1956 and any other applicable provisions of the Act and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, shall be deemed to be sufficient and no further resolution of members of FRL as required under the provisions of Sections 13 and 14 of the Companies Act, 2013 and any other applicable provisions of the Act shall be required to be passed for making such change / amendment in the Memorandum of Association of the Resulting Company.

39 SEVERABILITY

39.1 Each Section of the Scheme shall be given effect to as per the chronology in which it has been provided for in the Scheme. Each part in each Section is independent of each Section and is severable. However, failure of any one part of one Section for lack of necessary approval from the shareholders / creditors / statutory regulatory authorities or for any other reason that the Board of Directors may deem fit than this shall not result in the whole Scheme failing. It shall be open to the Board of Directors concerned to consent to sever such part(s) of the Scheme and implement the rest of the Scheme with such modification.

40 COSTS, CHARGES AND EXPENSES

40.1 All costs, charges, and all expenses of the Transferor Company, the Demerged Company and the Resulting Company arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne and paid by the Transferor Company and the Resulting Company as mutually agreed between them.



SCHEDULE I

LIST OF PERMITTED ENCUMBRANCES

Serial No.	Case Reference	Name of counterparty	Immovable property involved	Land in acres/ Amount in Rupees involved
1.	O.S. 11 of 2016	K. Pochaya	S.No. 127 Advi Majeed Village, Mulugu Mandal, Medak District	1.17 acres
2.	O.S. No. 225/2009	B. Chandra	S.No. 139/2 Chittor District, Kuppam Sub Reg. District Santhipuram Revenue Mandal Mattam Grampanchayat, No.28 Gundisettipalli Village	0.1 acres
3.	I.A. No. 1130 / 2009	B. Chandra	S.No. 139/2 Chittor District, Kuppam Sub Reg. District Santhipuram Revenue Mandal Mattam Grampanchayat, No. 28 Gundisettipalli Village	0.1 acres
4.	I.A. No. 1161 / 2009	B. Chandra	S.No. 139/2 Chittor District, Kuppam Sub Reg. District Santhipuram Revenue Mandal Mattam Grampanchayat, No. 28 Gundisettipalli Village	0.1 acres
5.	I.A. No. 1081 / 2009	B. Chandra	S.No. 139/2 Chittor District, Kuppam Sub Reg. District Santhipuram Revenue Mandal Mattam Grampanchayat, No. 28 Gundisettipalli Village	0.1 acres
6.	Caveat	B. Chandra	S.No. 139/2 Chittor District, Kuppam Sub Reg. District Santhipuram Revenue Mandal Mattam Grampanchayat, No. 28 Gundisettipalli Village	0.1 acres
7.	Order in ROC.A/26/2010 Dt. /09/2010 issued by Tahasildar, Shanthipuram Mandal	Revenue Divisional Office, Madanapalli	S.No. 139/2 Chittor District, Kuppam Sub Reg. District Santhipuram Revenue Mandal Mattam Grampanchayat, No. 28 Gundisettipalli Village	INR 3,11,092
8.		Revenue Divisional Office, Madanapalli	S.Nos: 134/3, 138/3, 136/3, 138/1B. Chittor District, Kuppam Sub Reg. District Santhipuram Revenue Mandal Mattam Grampanchayat, No. 28 Gundisettipalli Village	6.86 acres

9. Financial Lease:

HFL has acquired Servers and related accessories from CISCO SYSTEMS (INDIA) PVT LTD on a financial lease starting June 10, 2015 for a period of 60 months ending March 10, 2020. Installments are paid on a quarterly basis for which post-dated cheques have been issued to CISCO SYSTEMS (India) PVT LTD. The Principal outstanding as on October 31, 2016 is INR 1,31,48,034 (One crore Thirty one lakhs Forty eight thousand and Thirty four Rupees).

Certified True Copy
Date of Application 12. 05. 2017

Number of Pages 37

Fee Paid Rs. 185/-

Applicant called for collection copy on 16. 5. 2017

Copy prepared on 18. 5. 2017

Copy issued on 16. 5. 2017



[Handwritten Signature]

Deputy Director

National Company Law Tribunal, Mumbai Bench





BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
MUMBAI BENCH
COMPANY SCHEME PETITION NO 276 OF 2017
IN
COMPANY SCHEME APPLICATION NO 163 OF 2017

In the matter of the Companies Act, 2013;

AND

In the matter of Heritage Foods Limited ('Transferor Company') and Heritage Foods Retail Limited ('Transferee Company' or 'Demerged Company') and Future Retail Limited ('Resulting Company' or 'Petitioner Company') and their respective Shareholders

AND

In the matter of Sections 230 read with Section 232 and Section 52 and Section 66 and other applicable provisions of the Companies Act, 2013

Future Retail LimitedPetitioner Company

**CERTIFIED COPY OF ORDER DATED 11th DAY OF MAY 2017 AND
THE SCHEME ANNEXED TO THE PETITION**



HS

HEMANT SETHI & CO
ADVOCATES FOR PETITIONER
PH: 9820244453